



No.: Q/4/5332

Date: 2/7/2014

To/ Korek Telecom Ltd.

Subject/ Decision to revoke partnership between Korek Ltd. and France Telecom / Agility

Greetings,

In reference to the letter of your company under No. (11-50) dated 13/3/2011,
In reference to the meeting report dated 21/4/2011,
In reference to the letter of our company under No. (2713) dated 29/5/2011,
In reference to the letters of your company, the first one under No. (11-95) dated 5/6/2011, and the second under No. (116-011) dated 9/8/2011,
And in reference to the letter of our company under No. (9642) dated 10/12/2013,

We inform you that, after long and deep study of the subject of partnership between your company and the foreign French company France Telecom/Agility, studying its different legal and realistic aspects, and in application of the authorities granted to our company by virtue of the terms of the meeting which was held on 21/4/2011 between our company and yours, and based upon the controlling role exercised by our company within the framework of verifying that the suspension conditions have been met, upon which the partnership was based to incur the appropriate legal results thereto, including the revocation of the mentioned partnership in light of the fact that the suspension conditions have not been collectively met, the Council of Trustees decided, in its session held on 24/6/2014, in report No. 19/2014, to consider the approval of our company based upon the principle of partnership dated 29/5/2011 as void and null as the suspension conditions, for which you were committed to fully carry out, have not been met by virtue of the report of the meeting dated 21/4/2011 and by virtue of your repetitive letters.

Thus, we inform you by virtue of this letter the final decision of our company by considering the partnership, desired between you and the foreign French company France Telecom/Agility, as void, null and invalid as the related suspension conditions have not been met, and for lack of evidence thereto without any legal or material effects of any type whatsoever. And we warn you in this respect to immediately proceed, within a period of no later than 15 days from the date of this letter, to reinstate the status as it was

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on 13/3/2011, take the procedures to revoke and terminate any contracts assigning shares in your company's capital that were concluded after 13/3/2011, prove this revocation in the legal entries with the companies registrar and provide our company with a new statement proving return of shares to their main owners. Otherwise, your company shall bear all the legal consequences and necessary procedures will be taken against your company to compel you to obey and execute the content of the decision mentioned above.

With appreciation,

[Signature]

Dr. Safaa Aldine Rabih

Company's Executive Head

[Seal of the Media and Communications Authority, Administrative Department]

Copy to:

*Office of Trustees.. For your kind information/with appreciation.

*Executive Head.. For your kind information/with appreciation.

*Legal Department.. For filing with priorities.

*Outcoming file.

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Republic of Iraq
Communications and Media
Commission
Board of Commissioners



جمهورية العراق
هيئة الإعلام والاتصالات
مجلس الأمناء

No.: 14/2014
Date: 25/6/2014

Mr./Executive Head by proxy

Subject/Approval

The Council of Trustees has, in its session held on 24/6/2014, approved your proposal to revoke the principle of partnership between Korek and France Telecom/Agility, as mentioned in your memorandum No. (1/M/131 dated 19/6/2014).

With thanks and appreciation...

Enclosures:

*Memorandum of the Executive Management No. (1/M/131 dated 19/6/2014)

[Signature]

Dr. Ali Nasser Al Khuwaildi
President of the Council of Trustees

Handwriting : *According to the meeting on 25/6.*

Legal/

[illegible]

[Signature] [illegible]

5050/ 29/6/2012

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مكتب المدير التنفيذي العام
مذكرة داخلية

No. 1/M/131
Date: 19/6/2014

[Signature]
Dr. Ali Al Khuwaildi
24/6

To/Messrs. President and Members of the Council of Trustees

Subject/Revocation of the principle of partnership between Korek and France Telecom/Agility

Greetings,

Please find enclosed the memorandum of the Executive Officer under No. (130) dated 19/6/2014 in regards to the principle of partnership between Korek and France Telecom/Agility.

For your kind information... with appreciation

Enclosures:

- Memorandum of the Executive Officer mentioned above

[Signature] 24/6

Handwriting: *I reserve and propose to give a timeline for Korek and France Telecom to meet the conditions contained in the [cut off]*

- *The Council approved by majority the revocation of the partnership as indicated in letter 1/M/131.*

[Signature]
Dr. Safaa Aldine
Executive Head

[Signature]
[illegible] Jasem Alami
24/6/2014

Statement of the mandating reasons for the previous correspondence [illegible]

[Signature] Salem Mashkour 24/6/2014

[Signature]
Dr. Safaa Aldine Rabih

Khalil [Illegible]
[Signature]

Copy to:

- File of internal memorandums

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No.: 1/M/130

Date: 19/6/2014

Subject/ Revocation of the principle of partnership between Korek and France Telecom/Agility

In reference to the letter of your company under No. (11-50) dated 13/3/2011,

In reference to the meeting report dated 21/4/2011,

In reference to the letter of our company under No. (2713) dated 29/5/2011,

In reference to the letters of your company, the first one under No. (11-95) dated 5/6/2011, and the second under No. (116-011) dated 9/8/2011,

And in reference to the letter of our company under No. (9642) dated 10/12/2013,

We would like to clarify to your esteemed Council as follows:

1. It is evident to our company that our reviews and inquiries, in regards to the principle of partnership between Korek and the foreign French company France Telecom/Agility, did not receive any reply which proves the lack of seriousness of the foreign partner even to prove that the conditions, upon which the partnership is based, have been met.
2. It is also evident to our company, through our vigorous follow-up and the activity of the foreign company/Agility in the field of the desired partnership, that there is a certain and obvious defect in the principle of partnership, proving the following:
 - The foreign French company France Telecom/Agility did not invest amounts of USD 800 million to support, activate and develop the activity of Korek company, whereas the principle of partnership was limited to the fact that the foreign company has granted a loan to Korek company which benefited the foreign company, in addition to payment by the latter of a part of its debts by owning shares in the capital of Korek company.
 - Noting that the principle of partnership and investment of the amounts specified above, according to letter of Korek company No. (11-50) dated 13/3/2011, required the foreign company to actually invest these amounts by increasing the company's capital and issuing new shares for an amount not less USD 800 million to be fully underwritten in cash by the foreign company to implement the principle of partnership and carry out an actual investment for the amounts to be invested, which was not realized.
 - In terms of attention and transparency, it is necessary to confirm that the capital increase, which Korek company is committed to implement for the validity of the desired partnership, would have led at the end to cause ownership to the foreign company of a share in the company's capital according to the structure that was previously proposed at 44%, that is to say the mentioned share shall be equivalent to the value of underwriting in the capital specified at an amount of USD 800 million, while the fact has led to cause ownership to the foreign company of the 44% against debts and interests without actual investment in the legal meaning of the investment and partnership, whereas the result was to change Korek company

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from debtor for the interest of third parties to debtor for the interest of the foreign company mentioned above, which rendered the operation a false partnership that only aims to transfer, purchase and assign a debt from a third party to new shareholders while keeping the company's indebtedness and amend the creditor.

- The foreign French company France Telecom/Agility did not develop investment, technical, financial and commercial plans, and did not hire the necessary experienced individuals which allow development of the communications sector in Iraq.
- The foreign French company France Telecom/Agility did not provide extensive technical help as necessary to improve the quality, extent and coverage of services throughout Iraq.
- The foreign French company France Telecom/Agility did not provide the necessary financing to enable Korek company to commit to settle the dues payable thereby, which constituted a threat to the license granted to the company.
- Korek company did not expand and develop its services and network, and did not increase the number of dealers in an appropriate way in line with the results desired from partnership, leading to failure to invest the fluctuations allocated to the company according to the purpose desired from the partnership, which had a negative effect to the increase of subscribers number and has also had negative effect to the amount of revenues by our company as foreseen from the desired partnership.
- Failure to comply with the terms of the licensing contract in particular listing the company shares in Iraq Securities Market, which also constituted a threat to the license granted to the company.

3. Thus, after elapse of more than two years from the partnership desired between Korek company and the foreign French company France Telecom/Agility, it was obvious to our company that the desired partnership is unfounded in matter of law and fact, and that this false partnership only covers a borrowing operation and foreign intervention in the affairs of the Iraqi communications sector without any intention to support the policy of the Iraqi government.

And since this matter only helped to realize material and intellectual earnings to the foreign French company France Telecom/Agility to the account of the Iraqi communications sector without any real intention to realize any valuable actual gain to Korek company.

And since what was undertaken by the foreign company in this respect proves the existence of certain intentions not to develop the situation of Korek company for the purpose to directly or indirectly take over and manage its funds and rights in light of overwhelming it with debts and interests, which denies the principle of partnership and sharing earnings and obligations whereas the desired partnership became limited only to earning gains and interests without any intention to undertake the obligations, burdens and losses, and also without intention to put at the disposal of the company, and within its capital, cash money allowing it to deal with its requirements and carry out its obligations.

And since the approval of the Media and Communication Authority to the principle of partnership between Korek company and the foreign French company France Telecom/Agility, was an approval stipulated upon meeting all the conditions and obligations mentioned above, upon which its validity is based.

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And since the expired period to meet these conditions is sufficient and the quick intervention of our company became an urge to prevent any infringement to the communications sector and to the national resources of Iraq.

And since the Council of Trustees, based upon the role of our company to protect, supervise and maintain the communications sector, and after long and deep study, and under the negative dealing by Korek company and by the foreign French company France Telecom/Agility in this respect, we kindly request your esteemed Council to approve consideration of the partnership desired between Korek company and the foreign French company France Telecom/Agility as null, void and invalid for failure to meet to the relevant partnership conditions and for lack of justifications without any legal or material effects of any type whatsoever to our company, provided that the company directly proceeds, within a period of no later than 15 days from the date of notification of this decision, to reinstate the status as it was before 13/3/2011, thus to take the appropriate procedures to revoke and terminate any contracts assigning shares in the company's capital and prove this revocation in the entries of the companies registrar. Otherwise Korek company shall bear all the legal consequences in case of their failure to obey and implement the content of the decision mentioned above.

With appreciation,

[Signature]

Dr. Safaa Aldine Rabih
Executive Head

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